

Message Text

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ORIGIN IO-14

INFO OCT-01 EUR-25 EA-11 ADP-00 AEC-11 SCI-06 AF-10 ARA-16

NEA-10 RSC-01 ACDA-19 CIAE-00 INR-10 L-03 NSAE-00

NSC-10 SCEM-02 SS-15 OMB-01 ABF-01 TRSE-00 OIC-04

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EAJ- MR. LEVIN

EUR/NE - MR. BECELIA

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R 221610Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY TOKYO

INFO USMISSION IAEA VIENNA

AMEMBASSY OTTAWA

USMISSION USUN NEW YORK

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E.O. 11652 N/A

TAGS: IAEA, AORG, AFIN

SUBJ: CURRENCY OF PAYMENT OF IAEA ASSESSED CONTRIBUTIONS

1. ACTION ADDRESSEES REQUESTED (A) INFORM HOST GOVERNMENT
OF US POSITION RE CURRENCY OF PAYMENT OF ASSESSED CONTRI-
BUTIONS TO INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA), AND
(B) REQUEST SUPPORT FOR THIS POSITION PRIOR TO AND AT
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MEETINGS OF IAEA GENERAL CONFERENCE AND BOARD OF GOVERNORS

IN VIENNA SEPTEMBER 1973. US POSITION DESCRIBED PARA 4 BELOW; ADDRESSEES MAY DRAW FROM THIS MESSAGE, IN PARTICULAR PARAS 4 AND 5, AS USEFUL IN CONTACT WITH HOST GOVERNMENT. SIMILAR APPROACHES HAVE BEEN OR ARE BEING MADE TO FRG, UK AND JAPANESE REPS IN VIENNA.

2. ASSESSMENTS TO IAEA BUDGET DENOMINATED AND ORDINARILY PAID IN DOLLARS ALTHOUGH REMITTANCES IN SCHILLINGS UP TO 50 PERCENT ALLOWABLE UNDER IAEA FINANCIAL REGULATIONS. INITIALLY PROPOSED CY 1974 BUDGET WAS DOLLARS 20.4 MILLION. FEBRUARY 1973 DOLLAR DEVALUATION, HOWEVER, REQUIRED ADD-ON OF DOLLARS 2.1 MILLION WHICH JUNE BOARD OF GOVERNORS APPROVED AND WHICH WILL GO TO GENERAL CONFERENCE IN SEPTEMBER FOR FINAL APPROVAL. FURTHER DOLLAR DEVALUATION THIS SUMMER, WHICH RECENT DOLLAR STRENGTH HAS ONLY PARTIALLY ERASED, MAY REQUIRE FURTHER BUDGET ADD-ON OF APPROXIMATELY DOLLARS 3 MILLION IN ORDER TO MAINTAIN AGENCY'S PROGRAM AT PROPOSED LEVEL. SOVIETS AND MOST LDC'S ON BOARD OPPOSED

FIRST ADD-ON; WE CAN EXPECT THAT RESISTANCE WILL BE EVEN GREATER TOWARD SECOND. LDC'S IN PARTICULAR ARE DISSATISFIED THAT ADD-ON NOT MATCHED BY INCREASE IN VOLUNTARY CONTRIBUTIONS FOR TECHNICAL ASSISTANCE.

3. AS ALTERNATIVE TO FURTHER ADD-ON, IAEA DIRECTOR GENERAL EKLUND HAS CONSIDERED ADAPTING TO IAEA USE PROPOSAL FLOATED AS ONE ALTERNATIVE IN RECENT STUDY BY CCAQ OFFICIAL OF CURRENCY PROBLEMS WHICH WOULD CALL FOR ASSESSMENTS TO BE REMITTED 30 PERCENT IN DOLLARS AND 70 PERCENT IN AUSTRIAN SCHILLINGS, THE LATTER REPRESENTING THE PERCENTAGE OF SCHILLINGS SPENT ON AGENCY PROGRAMS. THIS WOULD ELIMINATE NEED FOR SECOND BUDGETARY ADD-ON FOR DEVALUATION BY TYING SCHILLINGS TO UN RATE OF EXCHANGE IN EFFECT AT TIME BUDGET FINALIZED. THE STUDY WHICH CONTAINED THIS OPTION AND OTHERS DEALING WITH DEVALUATION WILL SHORTLY GO TO UNGA'S ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS AND, IF ISSUE CONTINUES TO BE DEEMED IMPORTANT, WILL PROBABLY BE REMANDED TO FIFTH COMMITTEE OF UNGA FOR CONSIDERATION.

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4. WE HAVE TOLD AGENCY THAT IF IT BECOMES NECESSARY TO INTRODUCE CHANGES WITHIN UN SYSTEM IN CURRENCY OF ASSESSMENTS, WHICH IS BY NO MEANS CERTAIN AT THIS TIME, WE WOULD PREFER THAT UNGA TAKE LEAD. IN VIEW FACT UNGA CONSIDERATION OF ISSUE IS LIKELY TO BEGIN WITHIN SEVERAL WEEKS AFTER CONCLUSION OF IAEA GENERAL CONFERENCE, WE BELIEVE IT UNDESIRABLE THAT IAEA TAKE ANY ACTION WHICH WOULD ANTICIPATE OR PREJUDICE FUTURE UNGA DECISION IN THIS REGARD.

5. EKLUND HAS IN MIND, HOWEVER, PRESENTING TO BOARD A PAPER WHICH WOULD CONTAIN, WITHOUT RECOMMENDATION, THE TWO ALTERNATIVES OF FURTHER DOLLAR ADD-ON OR PARTIAL CHANGE IN CURRENCY OF ASSESSMENT. WE ARE CONCERNED THAT SUBSEQUENT DISCUSSION OF THIS PAPER MIGHT TRIGGER CHANGE WHICH WOULD PREJUDICE UNGA ACTION. WITH URGING OF SEVERAL MAJOR WESTERN CONTRIBUTORS, HOWEVER, AGENCY LIKELY DROP SUCH APPROACH IN FAVOR PAPER WHICH WOULD ONLY RECOMMEND INCREASE IN 1974 APPROPRIATION BY WHATEVER AMOUNT REQUIRED BY UN'S DOLLAR-SCHILLING EXCHANGE RATE PREVAILING IN SEPTEMBER. LATTER PAPER WOULD NOT COMPLETELY CUT OFF DISCUSSION OF CURRENCY CHANGE BUT WOULD FACILITATE ITS CONTROL.

6. DG EKLUND HAS MEANWHILE CONSULTED WITH AT LEAST UK, FRENCH, FRG, JAPANESE AND SOVIET REPS ON ISSUE. US MISSION VIENNA HAS REPORTED THAT EACH ONE OF THESE REPS HAS TOLD EKLUND THAT HE PERSONALLY FAVORS CHANGE IN CUR-

RENCY OF PAYMENT BUT WOULD HAVE TO REFER MATTER TO CAPITAL FOR DECISION.

7. FOR LONDON. REQUEST EMBASSY LONDON MAKE APPROACH IN CONSULTATION WITH AMBASSADOR PORTER, IF PORTER AVAILABLE.

8. FOR OTTAWA. CANADIAN REP IN VIENNA HAS ADVISED US THAT CANADIAN GOVERNMENT SHARES OUR VIEW. THIS MESSAGE THEREFORE ONLY FOR YOUR INFORMATION.

9. FOR BONN. FYI. IAEA OFFICIAL REPORTS FRG OFFICIALS EARLY JULY TOLD HIM FRG OPPOSED ANY MOVE AWAY FROM DOLLAR AS CURRENCY OF ASSESSMENT IN UN SYSTEM. END FYI.
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10. ADDRESSEES REQUESTED REPORT RESULTS OF APPROACHES TO DEPARTMENT, INFO US MISSION IAEA VIENNA.

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